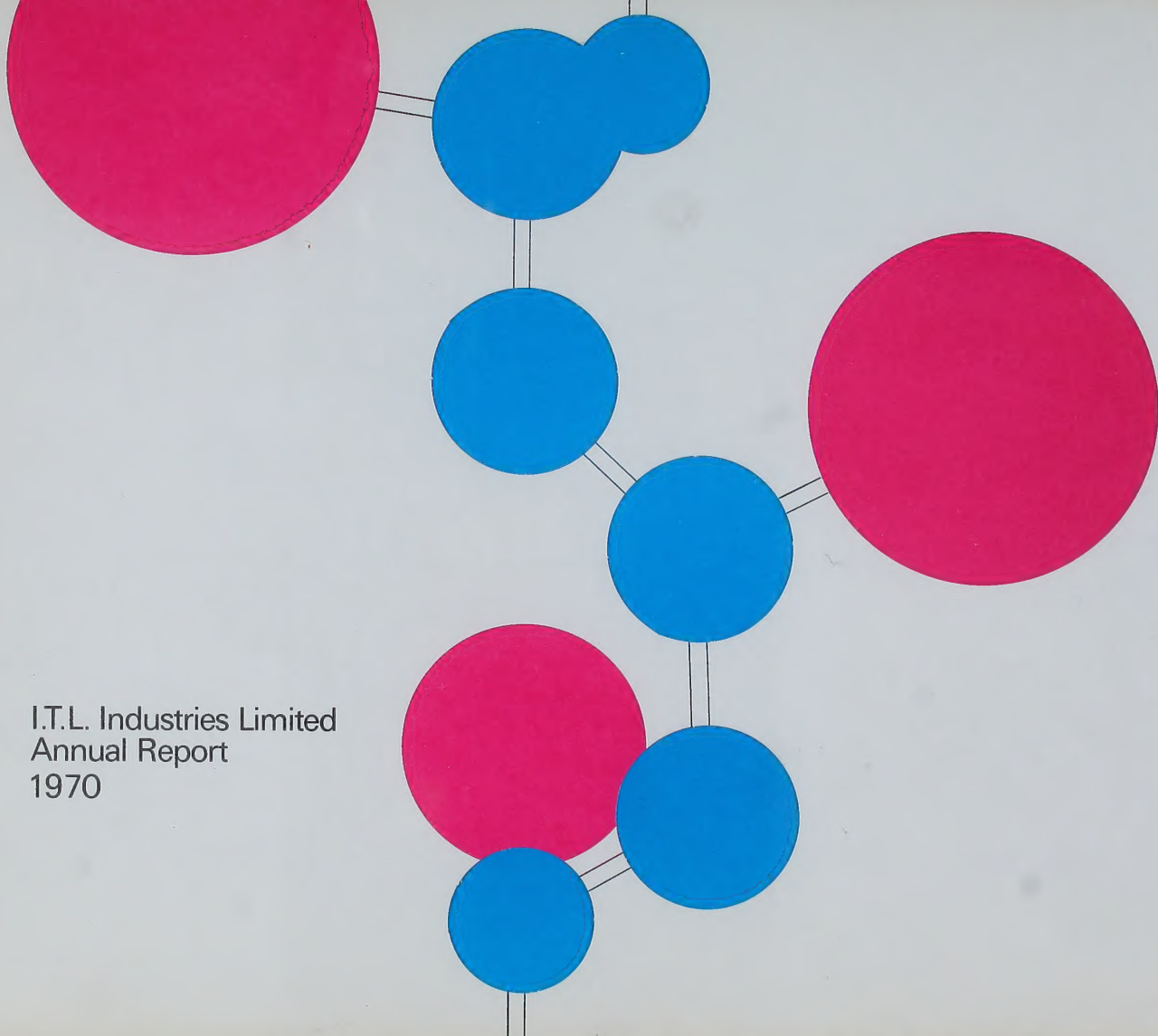
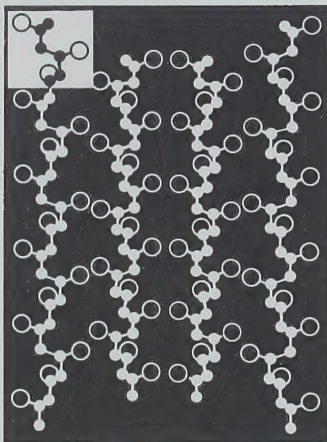


I.T.L. Industries Limited
Annual Report
1970





Our cover drawing depicts a polypropylene molecule. Many of the I.T.L. group of companies are involved either directly or indirectly in the manufacture of components from this material. The above diagram shows the molecular pattern that produces the crystallinity and strength of the plastic

Corporate Directory

Directors

C. A. Bell, Q.C.
J. S. Gairdner
Firman H. Hass
J. H. Hawke
Peter Hedgewick
R. W. Keeley, K.S.G., K.M.
C. W. Leonardi, C.A.

Officers

Peter Hedgewick
President
J. H. Hawke
Vice President
M. L. Garland
Vice President (Operations)
David Vass
Vice President (Finance)
Treasurer
C. A. Bell, Q.C.
Secretary

Auditors

Glendinning, Jarrett, Gould & Co.
Windsor, Ontario

Transfer Agent and Registrar

National Trust Company, Limited
*Montreal, Toronto, Winnipeg,
Calgary, Vancouver*



Financial Highlights

(adjusted to reflect three-for-one stock split in 1967)

	1970	1969
Sales	\$21,521,345	\$17,049,385 ✓
Earnings before Income Taxes and Extraordinary Items	\$ 813,525	\$ 1,656,192
Income Taxes	\$ 401,379	\$ 844,228
Extraordinary Income	—	\$ 99,328
Net Earnings	\$ 412,146	\$ 911,292 ~
Net Earnings per Common Share:		
before extraordinary items	14.0¢ ✓	39¢ ✓
after extraordinary items	14.0¢	45¢
Dividends Paid:		
Preference	\$ 192,701	\$ 203,886
Common	\$ 313,150	\$ 303,837

President's Message



Indications during the first part of 1970 pointed to a satisfactory year for your Company. However, the economic downturn in the United States and Canada, the unexpected freeing of the Canadian dollar, and the unsettled conditions in the automotive industry, adversely affected year end earnings for the Company.

Sales for the year increased to \$21,521,345 compared to \$17,049,385 for the prior year. The major portion of sales represented export contracts which were in peak production ready for shipment when the Canadian dollar was freed. The immediate impact, combined with the further processing of fixed contract sales during the

remainder of 1970, represented approximately fifty per cent of the decline in earnings over the previous year.

Net earnings were \$412,146 or 14 cents per common share, compared with \$911,292 or 39 cents per share before an extraordinary item last year and 45.3 cents after the extraordinary item. There were no extraordinary items in 1970.

To protect our working capital position, the Board decided to forego the declaration of dividends on common shares in the first half of 1971 and will continue to give serious consideration to this matter with a view to resuming dividend payments at the first opportunity. In the meantime, capital expenditures will be restricted to essential machinery and equipment.

The strengthening of the Canadian dollar has placed us in a more competitive export market. Strike conditions have forced some of our major automobile manufacturing customers to defer the customary annual changes in models for the year, creating a temporary overcapacity condition in the tool and mold industry. At the same time, labour costs have continued to increase.

Among the steps being taken to overcome these factors are significant changes in our organization and personnel to provide greater control and management depth, as outlined in further detail in this report. The management of the various tool manufacturing subsidiaries have formed a Tooling Group in order to combine and coordinate their efforts in the marketing and manufacturing operations of these subsidiaries.

Increased attention is being given to the development of more sophisticated management controls over budgeting, forecasting, inventory, plant loading, machine scheduling and other procedures. Greater use will be made of data processing techniques with a view to the eventual establishment of our data centre.

As well, an active program is underway to diversify the markets of our tool and mold operations. Good results

have been obtained to date in the furniture and defence industries.

Because of the Company's leadership in the design and manufacture of retro-reflective optics for the automotive industry, it was decided to adapt these capabilities to the development of a new line of high power reflective markers and lamps for recreational vehicles, trucks and trailers. This is being done through Ray-O-Lite International in the United States and Reflex Corporation in Canada. Particularly rewarding results have been obtained in the snowmobile industry.

The emphasis on retro-reflective optics was further maintained by expanded experimentation in the electroform operation and the establishment of a new optical laboratory. Additional development of highway safety products has resulted in a number of new items currently planned for presentation to the market.

The Palm-N-Turn safety cap for liquid and household products has reached a stage in development where prototype samples have been well received by major manufacturers of household products.

We look forward to an improvement in the general economy in 1971 and to an even stronger recovery in 1972. Your management is endeavouring to increase the efficiency of the operations in every way possible in order to provide improved earnings in the future.

We wish to acknowledge the loyalty and participation of our employees, as well as the support of our shareholders and associates during the year.

On behalf of the Board of Directors

Peter Hedgewick
President

Operations

During the year a tool group was formed within ITL Industries. International Tools, Photometric Specialties, Dalkrom, KNG and International Tools (U.K.) are included in this group. Mr. R. D. Balint, previously Vice President of Engineering, has been appointed Vice President and General Manager of this group.

Additional executive appointments for the tooling group are Mr. N. Lewchuk, Vice President, Manufacturing; Mr. A. Hyatt, Vice President, Sales; and Mr. R. W. Braithwaite, Vice President, Finance.

Under the direction of this team of senior executives it is anticipated that a more concerted and productive effort can be made for the designing, manufacturing and selling of plastic molds.

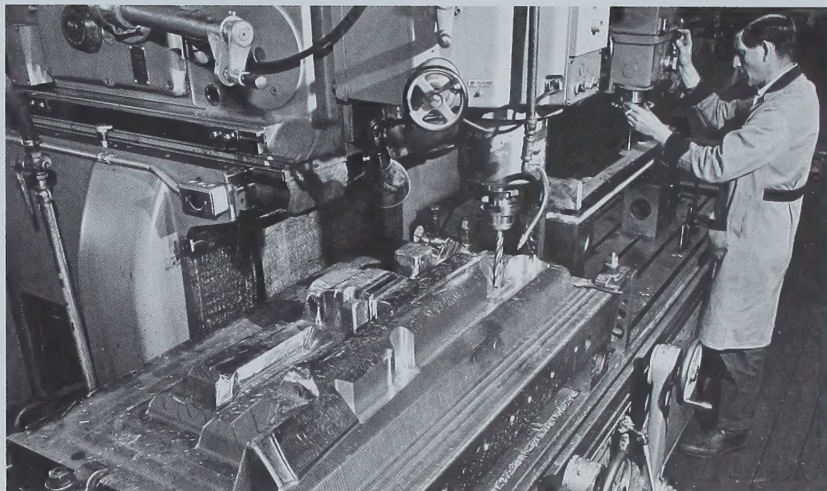
It is proposed that each company within the group will specialize in certain marketing areas either on the basis of geography or product. The specialties and knowhow of each individual company will be available to the others so that anyone can quote on almost any type of tooling business. Together, the group will be able to offer a complete spectrum of molds and services to the plastic and die cast industries, both in Canada and the States.

The year 1970 was a major year for all tooling companies as far as volume of work was concerned and in the early part of the year operations functioned near capacity.

The drastic effect of the freeing of the Canadian dollar and its subsequent rise had a tremendous negative impact on results particularly on International Tools and Photometrics, because of their large volume of export sales.

International Tools

International Tools continues as the senior company in the group with its concentration on the manufacture of large complicated molds. The trend to larger automotive components continues and the company has completed



One of the major duplicating machines at International Tools Limited.

its plans for the next three years to cope with this trend.

Although the automotive industry will remain its principal customer, a diversification program coupled with the company's leadership in the design and manufacture of precision molds, has brought the company rewarding results.

A prototype development to solve a difficult problem for the aerospace and defence industry in the United States has resulted in a major mold program. An active campaign among the firms in this industry suggests a significant volume of business is available on a

continuing basis.

The decision to concentrate on the furniture industry during the past year resulted in a major program for the supply of molds for the manufacture of plastic occasional tables and chairs. A second major program is now under review and in time this industry should supply the company with a significant volume of business.

The business resulting from the company's diversification efforts is most timely since the major automotive customers have deferred major programs as a result of the current economic climate in the United States and

the delays occasioned by the strikes they experienced. Early release of the next model year requirements would help to bridge this temporary gap for all the companies in the tooling group.

The Scientific Reproduction Division of International Tools continues to manufacture and supply the necessary electroforms used by Photometric Specialties in the manufacture of lens molds. Experimentation in the manufacturing of larger mold components by the electroforming process was undertaken during the year. One of the original objectives of this division was to manufacture molds for small precision parts such as gears, using this process along with a standard tooling set up. Initial work is underway in this area.

Photometric Specialties

Photometric will continue to be the supplier of reflex plastic molds. The knowledge and capability of this company was very helpful in the development and manufacture of the new line of lamps and reflectors presently being marketed by another operating company, Ray-O-Lite International.

To help to maintain its leadership in the optics field, a new lighting laboratory has been set up to assist designers.

The requirements for reflectors for all "on the road" vehicles continue to become more stringent. The company continues to meet the new codes which require increased reflective power, without difficulty.

KNG

KNG, of London, Ontario, is gaining recognition as a good and dependable mold supplier to the Canadian molding industry and it is proposed that this will be its main area of concentration. However, it is also scheduled to become a supplier of smaller sized molds to the American automotive industry to complement the capabilities of International Tools.

The company's modern 22,000 sq. ft. plant in London's

Westminster Park contains complete facilities for the design, engineering and manufacturing of plastic injection or compression molds and die casting molds of all types.

Dalkrom

Acquired during the year under review, Dalkrom Tool & Die Corporation is a Detroit-based manufacturer of die-cast molds.

The company has continued to serve the U.S. automobile industry with die-cast molds. It also assists International Tools by participating in the production and servicing of tool and mold orders for the U.S. market. Future plans call for its diversification to include molds for plastic components for automobiles.

International Tools (U.K.)

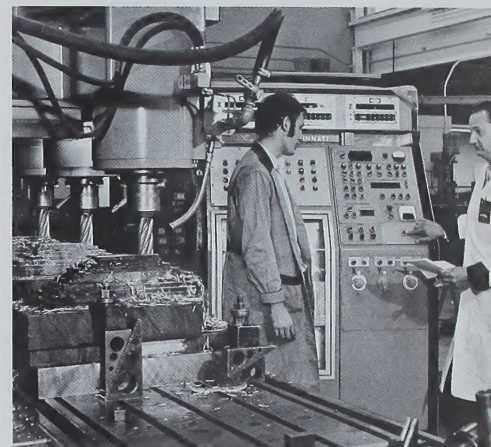
International Tools (U.K.) a supplier of molds to a diversified market in the U.K. enjoyed a good year and the company is on the threshold of further expansion. This steady growth pattern has been achieved under the leadership of Mr. J. Denton, as Managing Director, and his capable management team.

Automotive changes in styling, while greater than before, are still less frequent and less dramatic in Great Britain. The automotive market is, therefore, not as cyclical as in North America and it is easier to maintain a more regular growth pattern. In addition to the automotive industry, International Tools (U.K.) also supplies molds to manufacturers of such general products as housewares.

The company is actively engaged in the training of skilled toolmakers and recently opened an entire new building for apprentice training.

Wheatley

Wheatley Mfg. Ltd. which supplies die sets to the tool and die and metal working industries enjoyed a good year in which steady gains were made. In spite of the general economic slowdown Wheatley was able



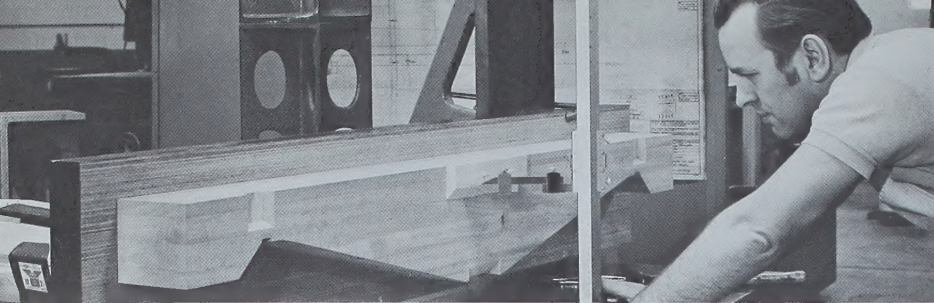
A numerically controlled machine at Photometric Specialties Limited

to maintain its volume of the previous year through geographic expansion.

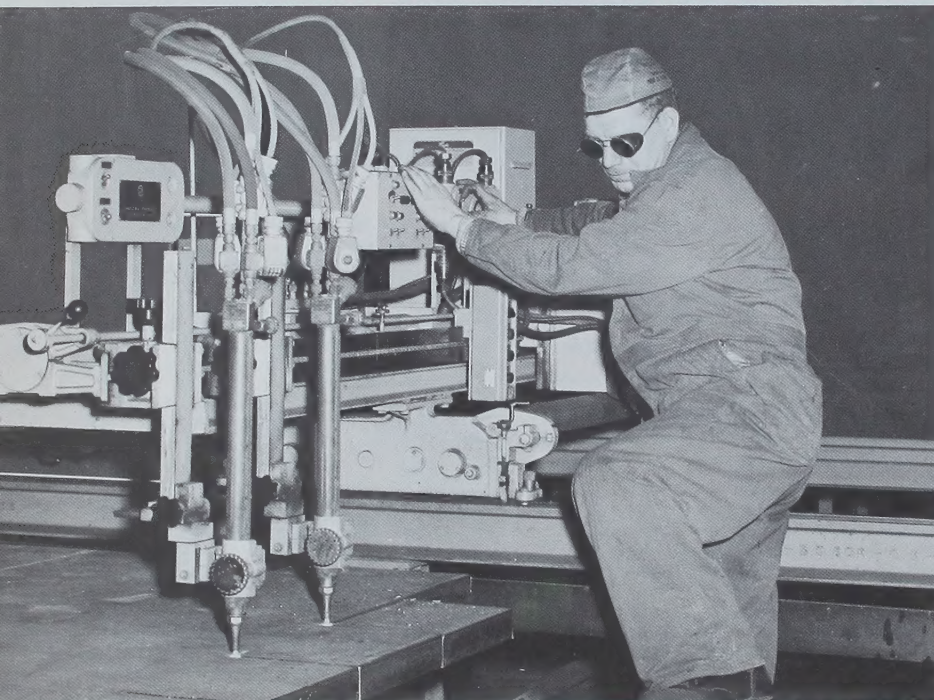
Further development of existing markets and entries into new areas were undertaken. A new 15,000 square foot manufacturing plant is contemplated for Quebec. The sales staff in Quebec has already been augmented in anticipation of increased business in the area.

The sales staff in the Detroit subsidiary has also been increased to meet demands brought about by increased penetration of the U.S. market. It is planned to do sub-assembly work there as well. Because of the growth of its U.S. market, Wheatley is now manufacturing ball bearing die sets to American specifications.

Die sets remain the greatest portion of business,



A skilled craftsman at Modelcraft measures a model for a mold to be manufactured by International Tools Limited.



Steel plate being cut to specification at Wheatley Manufacturing Limited.

with the company still supplying a major share of the Canadian market. New lines have been introduced to round out Wheatley's line of diemakers accessories and services. The company also supplies bolster plates, steel plates cut to size, Blanchard grinding and stress relieving services. In addition Wheatley is offering its customers a new line of bronzed plated steel.

Reflex Corporation of Canada Limited

which started out the year in a better direction received a major set back from the impact of freeing the Canadian Dollar. With this company major contracts are arranged for a complete model year and competitive situations dictate transactions in U.S. dollars. It was impossible to renegotiate these contracts some of which will carry through to the end of the model year in June 1971.

During the year under review the company moved into a new 40,000 square foot plant extension. This has allowed the company to consolidate its finishing and assembly operations, as well as eliminate outside storage areas with resulting economies and improved control.

The additional modern equipment in the finishing area along with the range of molding equipment will allow Reflex to keep pace with the changing needs of the automotive industry. The wide range of items presently being supplied include arm rest components, panels, lenses and complete lamp assemblies.

A unique development by Reflex personnel during the year which was accepted by a major customer, now allows lamp housing to be injection molded. Previously they were die cast. This development is expected to have great potential as the injection molding of these housings gives a faster output with lower material costs.

Palm-N-Turn

Palm-N-Turn safety vials for prescription medicines gained in public acceptance during the year under

review, and sales momentum has increased substantially. Sales this year are well ahead of those during the same period last year with a significant volume appearing right across Canada.

The Federal Government, the Ontario College of Pharmacy, and the Ontario Pharmacists Association are encouraging pharmacists to use safety caps exclusively, recognizing their effectiveness in reducing the number of accidental poisonings among children.

During the year the patents and assets of another manufacturer of safety vials, Bantox Safety Closures Limited, were acquired and the President of that company, Eric H. Hardman, has been appointed manufacturer's representative in Canada for patented safety closures presently being manufactured by I.T.L. and suitable for the packaging of pharmaceuticals and household chemicals.

A claim against I.T.L.'s patent for safety closures in the U.S., made by Continental Research & Development Ltd., has been decided in favour of I.T.L.

The initial development of a liquid safety cap is now in its final stages. Market reaction to prototype samples is excellent. The development of the complete range of caps to suit the major neck sizes for bottles, both glass and plastic, is now required.

We anticipate an excellent year for Palm-N-Turn and expect no difficulty in meeting the demand.

Ray-O-Lite, Inc.

Ray-O-Lite, Inc., manufacturers of reflective roadway markers, expanded its market to the south eastern U.S., particularly the State of Florida. Results were nonetheless adversely affected by curtailment of inter-state highway construction due to the reduction of federal funds available.

We are expanding our range of roadway markers, and developing new product lines for highway safety. A new two-part roadway marker with a replaceable top



A tail light housing which has been injection molded at Reflex Corporation of Canada Limited using a process developed by Reflex Corp.

has been developed and patent applied for. The upper reflective portion of the marker can be replaced without having to remove the base which is cemented to the road surface. In addition, a new marker designed to withstand the abuse of snowplows and rugged winter weather is under test in northern climates.

A range of highway delineators, guard rail indicators and lens components for highway signs are now being marketed. A roadside delineator post visible from any angle has also been perfected. Its 360° reflectivity eliminates blind spots around hazards such as construction sites and roadway repairs. A new barricade marker is also under development.

Ray-O-Lite International

Ray-O-Lite International which formerly served as a supplier to Ray-O-Lite, Inc., has now expanded its operations to manufacture and market a new line of high power reflective markers and lamps designed for recreational vehicles, trucks and trailers.

The current range of standard lamps has already gained acceptance in portions of the trailer industry. As well, special lamps have been designed to meet specific requirements, where volume is great enough to warrant. A complete range of reflective markers is now available using existing configurations designed for other

markets along with specific designs aimed at this market.

During the year additional molds will be manufactured to broaden this line of products. Additional personnel have been employed by this division to sell the OEM accounts and establish the necessary channels of distribution to reach the large after market potential for these products. Good results have already been obtained in the snowmobile industry, partly because more stringent government requirements for these vehicles have been introduced. Other safety equipment is also under development in anticipation of the pending safety legislation.

Elco-Wood

Elco-Wood represents I.T.L.'s venture into an entirely new field. The company manufactures specialized truck bodies, hoists, tailgates and hydraulic components, and is a distributor of cranes and other truck accessories. Negotiations are underway with manufacturers of similar equipment in the U.S. for manufacture and distribution rights in Canada.

More emphasis will be given to developing the truck accessory business on a national basis in the coming year, while regional markets will be developed for truck bodies.

Consolidated Statement of Earnings

For the year ended November 30, 1970



I.T.L. Industries Limited
and its subsidiaries

	1970	1969
Sales	\$21,521,345	\$17,049,385 ✓
Cost of sales including selling, general and administrative expenses	18,746,735	14,043,537
Earnings before the following deductions	2,774,610	3,005,848
Depreciation	1,074,407	857,306
Amortization of financing costs	11,676	8,324
Interest on long-term debt	552,018	317,110
Other interest	322,984	166,916
	1,961,085	1,349,656
Earnings before Income Taxes and Extraordinary Items	813,525	1,656,192
Income Taxes		
Income taxes payable	643,720	1,359,582
Deferred income taxes	(242,341)	(515,354)
	401,379	844,228
Net Earnings before Extraordinary Items	412,146	811,964 ✓
Tax credits from prior years' losses of subsidiary companies		99,328 ✓
Net Earnings	\$ 412,146	\$ 911,292
Basic Earnings per share		
Before extraordinary items	14.0¢	39.0¢ ✓
Net earnings for the year	14.0¢	45.3¢

Consolidated Balance Sheet

as at November 30, 1970

Current Assets	1970	1969
Cash	\$ 452,292	\$ 10,496
Accounts receivable	4,879,062	4,463,641
Inventories at lower of cost and net realizable value	4,203,802	4,415,303
Prepaid expenses and other assets	165,030	199,525
Special refundable tax		23,216
Total current assets	9,700,186	9,112,181
Deferred Income Taxes (Note 4)	95,192	
Investments—at cost		
Market Value—1970-\$113,850 1969-\$122,475	59,100	59,100
Property, Plant and Equipment at cost	14,511,186	11,501,740
Less: Accumulated depreciation	5,133,223	3,790,656
	9,377,963	7,711,084
Other		
Organization and financing costs, less amounts amortized	371,177	325,921
Patents, less amounts amortized	165,936	144,598
Life insurance, cash surrender value	49,450	16,600
	586,563	487,119
Excess of cost of shares of subsidiaries over net assets acquired	1,261,301	1,167,860
	\$21,080,305	\$18,537,344
Approved on behalf of the Board: Peter Hedgewick, Director J. H. Hawke, Director		



I.T.L. Industries Limited
and its subsidiaries

Current Liabilities	1970	1969
Bank advances, secured (Note 2)	\$2,682,552	\$ 719,500
Accounts payable and accrued liabilities	2,827,604	3,290,280
Current portion of long-term debt	341,930	288,913
Income taxes	216,742	691,506
Total current liabilities	6,068,828	4,990,199
Demand Bank Loan (Note 3)	825,000	
Deferred Income Taxes (Note 4)		147,149
Long Term Debt (Note 5)	7,327,707	6,550,418
Less: Current portion	341,930	288,913
	6,985,777	6,261,505
Total liabilities	13,879,605	11,398,853
Shareholders' Equity		
Share Capital Authorized		
191,075 preference shares with a par value of \$25 each, issuable in series (Note 6)		
3,000,000 common shares without par value		
Issued and fully paid		
46,875 6½% cumulative redeemable preference shares, Series A, redeemable at par (Note 6)	1,171,875	1,175,000
70,600 6½% cumulative redeemable convertible preference shares, Series B, redeemable at par (Note 6)	1,765,000	1,865,000
1,567,425 common shares (Note 6)	2,471,000	2,371,000
	5,407,875	5,411,000
Retained Earnings	1,625,568	1,719,273
Contributed Surplus	167,257	8,218
	7,200,700	7,138,491
	\$21,080,305	\$18,537,344

Consolidated Statement of Retained Earnings

For the year ended November 30, 1970

	1970	1969
Balance, at beginning of year	\$ 1,719,273	\$ 1,242,604
Add: Net earnings for the year	412,146	911,292
Deferred income tax charges of subsidiary, applicable to prior years		114,000
	2,131,419	2,267,896
Less: Dividends paid—preference	192,701	203,886
—common	313,150	303,837
	505,851	507,723
Prior year's losses of subsidiary not previously consolidated		40,900
	505,851	548,623
Balance at end of year	\$ 1,625,568	\$ 1,719,273

Consolidated Statement of Contributed Surplus

For the year ended November 30, 1970

Balance, at beginning of year	\$ 8,218	8,218
Add: Discount on preference shares purchased for cancellation	1,039	
Grant from federal government under assistance program	158,000	
Balance, at end of year	\$ 167,257	\$ 8,218

Consolidated Statement of Source and Application of Funds

for the year ended November 30, 1970



I.T.L. Industries Limited
and its subsidiaries

Source of Funds	1970	1969
From operations		
Net earnings for the year	\$ 412,146	\$ 911,292
Depreciation	1,074,407	857,306
Amortization of financing costs	11,676	8,324
Deferred income taxes	(242,341)	(515,354)
	1,255,888	1,261,568
Proceeds from long-term debt	1,066,202	3,178,965
Demand bank loan	825,000	
Grant from federal government	158,000	
Special refundable tax		38,026
	3,305,090	4,478,559
Application of Funds		
Fixed asset additions net	2,467,327	2,669,248
Reduction of long-term debt	341,930	518,960
Purchase of preference shares for cancellation	2,086	
Acquisition of subsidiary (net of working capital)	367,400	
Life insurance, cash surrender value	32,850	16,600
Organization and financing costs	56,932	9,820
Patents, net	21,338	60,866
Prior year's losses of subsidiary		40,900
Dividends paid	505,851	507,723
	3,795,714	3,824,117
Increase (Decrease) in Working Capital	(490,624)	654,442
Working Capital, at Beginning of Year	4,121,982	3,467,540
Working Capital, at End of Year	\$ 3,631,358	\$ 4,121,982

Notes to the Consolidated Financial Statements

for the year ended November 30, 1970

1. Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries.

The accounts of Dalkrom Tool and Die Corporation from January 1, 1970, the date of acquisition have been included for the first time in the consolidated financial statements.

Accounts of subsidiaries expressed in currencies other than Canadian have been included on the following basis:

Fixed assets at the rate of exchange prevailing at the time of acquisition, current assets and current liabilities at the rate of exchange prevailing at November 30, 1970 and earnings at the average rate of exchange throughout the year.

2. Bank Advances

Bank advances are secured by a general assignment of book debts. See also Note 3.

3. Demand Bank Loan

The Company arranged the loan to finance the acquisition of fixed assets in a subsidiary.

Although payable on demand, this loan has been shown as a non-current liability as it is the directors' intention to replace it with permanent financing.

While it is recognized that according to the recommendations of the Canadian Institute of Chartered Accountants, this loan should be included under the heading current liabilities, the treatment accorded it, in the opinion of the directors and management of the Company, provides a fairer presentation of the financial position of the Company.

4. Income Taxes

Deferred income tax charges and credits	1970	1969
Deferred income tax charges expected to be realized in future years due to the application of losses against future years' taxable income	\$ 1,023,467	\$ 790,712
Deferred income tax credits due to timing differences, principally in claims for capital cost allowances for tax purposes in excess of depreciation charge	(928,275)	(937,861)
	\$ 95,192	\$ (147,149)

Realization of the deferred income tax charges is contingent upon the Company and certain subsidiaries earning sufficient profits in future years. In the opinion of management it is virtually certain that future earnings of the Company and certain subsidiaries will be sufficient to realize these benefits.

Notes to the Consolidated Financial Statements (continued)



I.T.L. Industries Limited
and its subsidiaries

5. Long-Term Debt

(Secured by mortgages and floating charges over assets)	1970	1969
6.20% Secured Sinking Fund Debentures, Series A, maturing June 15, 1984. Sinking Fund payments of \$50,000 are required annually until maturity	\$ 700,000	\$ 750,000
6½% Secured Sinking Fund Debentures, Series B, maturing December 15, 1985. Sinking fund payments of \$30,000 are required annually until maturity.	480,000	510,000
8½% Secured Sinking Fund Debentures, Series C, maturing June 15, 1988. The Company may at any time after June 15, 1972 redeem before maturity all outstanding debentures. Sinking fund payments of \$100,000 are required annually to June 15, 1988. Share Purchase Warrants accompany the debentures. (for details see Note 6 below)	1,800,000	1,900,000
8% Convertible Sinking Fund Debentures 1969 Series, maturing October 1, 1988. The Company may at any time redeem before maturity all outstanding debentures. Sinking fund payments of \$150,000 are required annually from October 1, 1980 to 1984 and \$200,000 from October 1, 1985 to 1987. (for details of conversion privilege, see Note 6 below)	3,000,000	3,000,000
8 7/16% loan, maturing July 15, 1979; principal payments are required annually commencing in 1972	908,202	
Other long-term debt, maturing to 1976; principal payments of \$161,930 plus interest are due in the year	439,505	390,418
	\$ 7,327,707	\$ 6,550,418

6. Share Capital

Common Shares

The 8½% Secured Sinking Fund Debentures, Series C, are accompanied by Share Purchase Warrants entitling the holders thereof to purchase 15,000 Common Shares of the Company (subject to certain adjustments) according to the date the warrant is exercised.

Under the terms of the issue of the 8% Convertible Sinking Fund Debentures 1969 Series each \$1,000 debenture is convertible into 50 Common Shares on or before October 1, 1974 decreasing annually to 33 Common Shares on or before October 1, 1984.

During the year the Company issued 6,668 Common Shares on conversion of 4,000

Series B Preference Shares.

165,000 Common Shares of the authorized 3,000,000 Common Shares are reserved against conversion of the 1969 Series Debentures, outstanding at November 30, 1969 and the exercise of Share Purchase Warrants to purchase 15,000 Common Shares of the Company.

Notes to the Consolidated Financial Statements (continued)

6. Share Capital (continued)

Preference Shares

The preference, rights, conditions, restrictions, limitations and prohibitions attached to the Series A Preference Shares require that, commencing in 1966 the Company allocate on or before the first day of March in each year an amount of \$25,000 for the redemption of such shares for cancellation. In the year the Company redeemed for cancellation 125 shares. At November 30, 1970 no amount had been allocated for the redemption of 1,875 shares for the 1969 and 1970 years.

The Series B Preference Shares are redeemable at par by the Company at any time after June 1, 1978. Each Series B Preference Share is convertible into 1.667 Common Shares on or before June 1, 1973 decreasing annually to 1.250 Common Shares on or before June 1, 1978.

7. Contingent Liabilities

An action has been commenced against the Company and certain subsidiaries for alleged patent infringement. In the opinion of counsel for the Company no such infringement occurred and therefore a valid defence against the action exists.

8. Statutory Information

The aggregate direct remuneration to the

directors and senior officers of the Company was \$212,000 (1969 \$187,915).

9. Fully Diluted Earnings per share

The exercise of conversion and option privileges of the Company's securities would not have had a dilutive effect on earnings per share.

Auditors' Report

To the Shareholders,
I.T.L. Industries Limited.

We have examined the consolidated balance sheet of I.T.L. Industries Limited and its subsidiaries as at November 30, 1970 and the consolidated statements of earnings retained earnings, contributed surplus and source and application of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at November 30, 1970 and the results of their operations and the source and application of their funds for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Glendinning, Jarrett, Gould & Co.
Chartered Accountants.

Windsor, Ontario
Feb 12, 1971.

The I.T.L. Group of Companies



International Tools, Limited

Sandwich P.O., Box 68, Windsor, Ontario.

- Wholly-owned subsidiary of I.T.L. Industries Limited.
- Manufacturers of injection and compression molds for the production of plastic parts and components for the automotive, electrical appliance and general industries.

Photometric Specialties Limited

Sandwich P.O., Box 68, Windsor, Ontario.

- Wholly-owned subsidiary of I.T.L. Industries Limited.
- Manufacturers of injection molds for the production of optical lenses, and retro-reflective lenses for automobiles, highway safety devices and other products.

Modelcraft

Sandwich P.O., Box 68, Windsor, Ontario.

- Division of I.T.L. Industries Limited.
- Manufacturers of precision models of wood and reinforced plastic, used in the manufacture of plastic molds and die-casting dies.
- Suppliers to the various tool companies in the Group as well as outside tool shops.

Scientific Reproductions

Kingsville, Ontario.

- Division of International Tools, Limited.
- Manufacturers of retro-reflective surfaces by an electrolytic process. These surfaces are incorporated into plastic injection molds by Photometric Specialties Limited.

KNG Tool and Mould Limited

75 Bessimer Road, London 52, Ontario.

- Wholly-owned subsidiary of I.T.L. Industries Limited.
- Manufacturers of injection and compression molds for the production of plastic parts and components for the automotive, electrical appliance and general industries.

Dalkrom Tool and Die Corporation

6160 East Davison, Detroit, Michigan, 48212.

- Wholly-owned subsidiary of I.T.L. Industries Inc.
- Manufacturers of injection and compression molds and die-casting dies for the production of plastic parts and components for automotive, electrical appliance and general industries.

International Tools (U.K.) Limited

Cressex Industrial Estate, High Wycombe, Bucks, England.

- Wholly-owned by International Tools, Limited.
- Manufacturers of injection and compression molds for the production of plastic parts and components for the automotive, electrical appliance and general industries.

Wheatley Manufacturing Limited

2590 Ouellette Avenue, Windsor, Ontario.

- Wholly-owned subsidiary of I.T.L. Industries Limited.
- Canada's largest producer of steel die sets. Supplies to leading tool and die companies throughout Canada. Also manufactures special bushings and die hardware.

Wheatley Economy Die Sets, Incorporated

23751 Dequindre, Hazel Park, Michigan, 48030.

- Wholly-owned subsidiary of I.T.L. Industries Inc.
- Warehouses and distributors of Wheatley products in the U.S. Market.

Reflex Corporation of Canada Limited

P.O. Box 1180, Amherstburg, Ontario.

- Wholly-owned by I.T.L. Industries Limited.
- Molds and assembles plastic components for the automotive and other industries.
- Operations include chrome plating, vacuum metalizing and painting of molded parts.
- Manufacturers of Palm-N-Turn safety containers.

Ray-O-Lite, Incorporated

16102 Gothard Street, Huntington Beach, California 92647.

- Wholly-owned subsidiary of I.T.L. Industries Inc.
- Manufacturers of highway safety products and distributor of products of Ray-O-Lite International Corporation in the western U.S.A.

Ray-O-Lite International

30105 Beverly Rd., Inkster, Michigan.

- Wholly-owned subsidiary of I.T.L. Industries Inc.
- Manufacturers of retro-reflective markers for highway safety, automotive aftermarket and home and farm use.

Elco-Wood Industries Limited

857 Tecumseh Road East, Windsor, Ontario.

- Wholly-owned subsidiary of Wheatley Manufacturing Limited
- Manufacturers of specialized components for heavy truck chassis including hoists, bodies, platforms and tailgate loaders.

Highlights and Five Year Review

(adjusted to reflect three-for-one stock split in 1967)

	1970	1969	1968	1967	1966
Sales	\$21,521,345	\$17,049,385	\$14,345,773	\$8,237,673	\$6,316,411
Earnings before Income Taxes and Extraordinary Items	\$ 813,525	\$ 1,656,192	\$ 1,862,552	\$1,232,085	\$1,040,036
Income Taxes	\$ 401,379	\$ 844,228	\$ 975,186	\$ 601,543	\$ 359,144
Extraordinary Income		\$ 99,328	\$ 265,309		
Net Earnings	\$ 412,146	\$ 911,292	\$ 1,152,675	\$ 630,542	\$ 680,892
Net Earnings per Common Share:					
before extraordinary items	14.0¢	39¢	52¢		
after extraordinary items	14.0¢	45¢	70¢	37¢	45¢
Dividends Paid:					
Preference	\$ 192,701	\$ 203,886	\$ 99,848	\$ 79,434	\$ 80,657
Common	\$ 313,150	\$ 303,837	\$ 298,289	\$ 242,608	\$ 220,000
Preference Shares Outstanding:					
Series A	46,875	47,000	47,000	48,000	49,000
Series B	70,600	74,600	80,000		
Common Shares Outstanding	1,567,425	1,560,757	1,500,606	1,483,122	1,320,000
Working Capital	\$ 3,631,358	\$ 4,121,982	\$ 3,467,540	\$2,005,344	\$1,329,932
Shareholders' Equity	\$ 7,200,700	\$ 7,138,491	\$ 6,386,822	\$4,188,873	\$3,051,742



I.T.L. Industries Limited
and its subsidiaries

